

CARIM EAST – CONSORTIUM FOR APPLIED RESEARCH ON INTERNATIONAL MIGRATION

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The impact of international labour migration on the Republic of Moldova

Vladimir Ganta

CARIM-East Research Report 2012/32

CARIM-East
Creating an Observatory of Migration East of Europe

Research Report
CARIM-East RR 2012/32

**The impact of international labour migration
on the Republic of Moldova**

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Robert Schuman Centre for Advanced Studies

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This project which is co-financed by the European Union is the first migration observatory focused on the Eastern Neighbourhood of the European Union and covers all countries of the Eastern Partnership initiative (Belarus, Ukraine, the Republic of Moldova, Georgia, Armenia and Azerbaijan) and Russian Federation.

The project's two main themes are:

- (1) migration from the region to the European Union (EU) focusing in particular on countries of emigration and transit on the EU's eastern border; and
- (2) intraregional migration in the post-Soviet space.

The project started on 1 April 2011 as a joint initiative of the European University Institute (EUI), Florence, Italy (the lead institution), and the Centre of Migration Research (CMR) at the University of Warsaw, Poland (the partner institution).

CARIM researchers undertake comprehensive and policy-oriented analyses of very diverse aspects of human mobility and related labour market developments east of the EU and discuss their likely impacts on the fast evolving socio-economic fabric of the six Eastern Partners and Russia, as well as that of the European Union.

In particular, CARIM-East:

- builds a broad network of national experts from the region representing all principal disciplines focused on human migration, labour mobility and national development issues (e.g. demography, law, economics, sociology, political science).
- develops a comprehensive database to monitor migration stocks and flows in the region, relevant legislative developments and national policy initiatives;
- undertakes, jointly with researchers from the region, systematic and *ad hoc* studies of emerging migration issues at regional and national levels.
- provides opportunities for scholars from the region to participate in workshops organized by the EUI and CMR, including academic exchange opportunities for PhD candidates;
- provides forums for national and international experts to interact with policymakers and other stakeholders in the countries concerned.

Results of the above activities are made available for public consultation through the website of the project: <http://www.carim-east.eu/>

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Abstract

Labour migration has an important impact on the social and economic life of Moldova. It is, therefore, very important to measure it, so as to offer policy makers useful information to develop evidence-based policies. The purpose of this research was to identify and measure labour migration impact by analyzing data coming from these three large surveys: the Labour Force Survey, the Labour Force Migration Survey and the Child Labour Survey. Results show that about 26% of the country's population face all the benefits and costs of labour migration directly. There are 135,000 couples who are separated by migration most of the time. About 146,000 children have one or both parents working abroad. Labour migration is a relieving but also a threatening factor for the labour market. If labour migrants were to search for a job in Moldova, the unemployment rate would reach 26%, higher than the present 7%. Labour migration is also a boosting factor for economic inactivity: 119,000 persons are economically inactive because they have plans to go or return abroad for work. Though not an issue today, labour immigration will probably have a big impact in the future as labour resources will be needed.

Table of Contents

Introduction	1
1. A general overview of labour migration from Moldova	1
1.1 Why labour migration is so important for Moldova?	1
1.2 Labour migration impact: perceptions and facts	2
2. Definitions and methodological approaches	3
2.1 Definitions, methods	3
2.2 Data sources	3
2.3 Methods	4
3. Socio-demographic impact	4
3.1. Who are the migrants?	4
3.2 Migrants' families	6
4. Impact on local labour market	10
4.1 Unemployment	10
4.2 Migration and economical inactivity	11
5. Will migrants return home?	13
6. Migration to Moldova: a general overview	15
7. Conclusions	18
8. Policy recommendations	19
References	21

Introduction

The aim of this paper is to describe, measure and explain the impact of labour migration on the demographic, social and economic fabric of Moldova. Moldova¹ is a small European country of 3.6 million, with many problems, most consequences of the collapse of the USSR. In its twenty years of independence, with no control over the most industrialized part of the country (Transnistria), where about 550,000 live (source: 2004 Census – Transnistria), the government has not succeeded in building a solid base for sustainable development. Rather it has been characterised by short-term actions to relieve social and economic pressures. Consequently, searching to survive or looking for a better life, many Moldovans went abroad. Ignored at the beginning, labour migration has now become one of the most important issues in public discussions. Moldova is a major “sending country” with about 326,000 citizens working or searching for work abroad in 2010 (source: Labour Force Survey – Moldova), with all or some members of their families living in Moldova.

As to immigration patterns, statistics on the other hand show an inflow of 2,000 to 2,500 foreign citizens *per* year, most of them coming to Moldova for studies and family reunification. Consequently, almost all migration efforts in terms of research, policy making, and policy implementation are made to better understand and manage the labour migration of Moldovan citizens. This paper will thus focus on labour emigration from Moldova, only touching briefly upon the immigration of foreign nationals.

The paper is structured as follows. Section 1 reports a general overview of labour migration and its importance for Moldova; in section 2 definitions and methodology are presented; section 3 and 4 analyses the impact of labour migration on family members left behind and local labour market dynamics, respectively; section 5 presents some results on return migration current and potential trends; section 6 offers an original view of the rising importance of immigration to Moldova; finally, conclusions and policy recommendations are provided.

1. A general overview of labour migration from Moldova

1.1 Why labour migration is so important for Moldova?

According to official Moldovan statistics², in 2010, about 12% of Moldovans aged 15-64 years were abroad for work-related reasons. Almost 19% of persons staying in Moldova had at least one household member working abroad. Therefore, adding the number of labour migrants and the number of persons with labour migrants in their households we come to about 930,000 persons (26% of the population) who are directly influenced by labour migration.

In the last five years, the annual inflow of remittances was of 1.4 billion USD³, about 29% of GDP, contributing to growth through consumption. The employment rate for young people with migrants in their households is about 14%, significantly lower than for young people having no migrants in their households (23%). Persons with migrants in their households are less active on the labour market. Among them, the share of those who are inactive through study and taking care of the family is higher than for those living in households without labour migrants. Labour migrants aged eighteen-years and up represent about 11% of the population holding the right to vote in elections and a lot of resources were involved in facilitating their participation in the elections in embassies and consulates all over the

¹ In this paper, “the Republic of Moldova” does not refer to the whole territory, but only to the territory controlled by the government, which excludes the Transnistria region.

² National Bureau of Statistics, www.statistica.md, data for 2010

³ World Bank Bilateral Migration matrix, available at www.worldbank.org/prospects/migrationandremittances

world.⁴ In 2008, about 33%⁵ of labour migrants in the EU27 had no legal status (with a valid visa or residence permit) and only 47% of labour migrants had residence and work permits. These persons are captive in their host-countries, unable able to visit their families in Moldova (they risk sanctions when crossing the border).

These are only some reasons why society, governmental and non-governmental institutions, not to mention international partners are very interested in understanding the different aspects of labour migration and any problems related to it. At the moment there are at least four important organizations assisting the government in its efforts to manage these issues: the International Labour Organization (ILO), the World Bank (WB), the International Organization for Migration (IOM) and the European Commission (EC). This involvement indicates, in itself, the importance of the issue.

1.2 Labour migration impact: perceptions and facts

Since the creation of the Republic of Moldova, about 20 years ago, at the collapse of the USSR, there have been different estimates for the nature and magnitude of labour migration. By the end of the 1990s the effects of labour migration started to become too obvious and impossible to neglect. The press was reporting stories of illegal border crossings to Poland and Germany for work. There were stories of children left in villages with grandparents or even alone and parents migrating to Russia or Ukraine. Labour migration was seen as the only option if you wanted to escape poverty and people were ready to run risks. Ugly stories about trafficking, prostitution, forced labour, false passports and visas were counterbalanced by stories about money earned abroad and remittances sent home to support families.

Unfortunately, at that time, no reliable statistics on migration were available, only administrative sources that were not able to pick up the informally occurring processes. Hopefully and coincidentally in 1999, when the aftershock of the Russian economic crisis hit, boosting the migration process, the National Bureau of Statistics (NBS) launched its Labour Force Survey (LFS). It was not designed specially to collect data on labour migrants. But there were a set of questions that offered the possibility of estimating their number and their profile on a quarterly basis. It took some time before NBS estimates became credible for the public, even though other statistics were not available: researchers, journalists, politicians claimed that NBS systematically underestimated the number of migrants or even falsified information. International institutions first analysed LFS data on migration while assisting the government in its evidence-based policies.

In October 2004, BNS conducted the Population Census, which had a module on migration. It identified about 242,000 Moldovans working temporarily abroad⁶. This estimate was significantly lower than that of the LFS (345,300) since Moldovan workers living in Russia were not included.

⁴ For the parliamentary elections that took place 5 April, 2009 and brought big changes, the communist government opened 33 voting booths, and printed about 63,000 voting-papers for citizens staying abroad. Only 17,000 votes came from abroad. Although the communist party won a majority (60 seats out of 101) it missed one vote to elect the president and a date for new elections was set: 29 July, 2009. Even before elections on 5 April, the Government was criticized for deliberately trying to keep citizens staying abroad away from voting booths, as most of them were young adults that wanted changes, especially those working in the EU. As an answer to those criticisms, for the elections in July 2009, the Government made some changes to election procedures. But these improvements were useless because the elections were set for Wednesday (not Sunday as usual), making the voting process very costly for working migrants. Only 17,500 citizens staying abroad voted on 29 July. The result of the elections was a victory of the democratic coalition, it won 59 seats: enough to rule, but insufficient to elect the president. Consequently, a new date for elections was set: 28 November, 2010. Being aware of the potential of votes for working migrants, the democratic coalition invested more resources to make voting easier for them. For the November elections the Government opened 75 voting booths abroad and printed 130,500 voting-papers. About 64,000 citizens voted abroad. After the elections, the communist party lost other 6 seats.

⁵ Data for 2nd quarter 2008.

⁶ <http://www.statistica.md/pageview.php?l=en&idc=295&id=2359>

Several NGOs conducted small studies on specific issues related to migration. Then the IOM conducted three rounds of a large-scale survey, one in 2004, one in 2006 and the last in 2008 targeting labour migration and remittances.

In 2008, NBS conducted a special survey on Labour Migration⁷ while in 2012 it will conduct another Labour Migration Survey focused on labour migrants' skills. Currently, NBS is processing the Time Use Survey data, which also has a set of variables (like those used in the LFS) that allows the scholar to link labour migration to time-use. These data will help answer many questions related to the social costs of the migration.

Now there are a lot of data that can be used to empirically describe and measure labour migration and its impact on different aspects of life.

2. Definitions and methodological approaches

In this section, definitions, methods and data sources used in analysis are presented and described.

2.1 Definitions, methods

Defining the “labour migrant” is probably the most important and difficult task when producing and analyzing data. Operational definitions used in surveys and administrative data-sources vary a great deal depending on the objectives of the research being recorded. For the purposes of this paper, in most cases, the definition applied in the LFS will be used. Still a second definition, from another data source will be employed as well:

According to the Labour Force Survey (LFS), a labour migrant is the person who at the time of the survey interview is a member of a household⁸ resident in Moldova and declared by the interviewed household members to be a person temporarily, working or searching for work abroad. This definition has remained the same since the LFS was launched.

The Labour Migration Survey (LMS) refers instead to a labour migrant as a person who at the time of the survey interview was a member of a household resident in Moldova who during the preceding twelve months, either worked or searched for work abroad.⁹

2.2 Data sources

Data used in this paper comes from the LFS and from the LMS conducted by the National Bureau of Statistics of Moldova.

LFS is a continuous, two-stage stratified cluster sample survey. At the first stage, 150 Primary Sampling Units (PSU) were selected with probabilities proportional to population size. In each PSU 25 households are sampled monthly, resulting in a sample of 12,000 households *per* year. LFS interviewers record data on all members of each sampled household that agreed to offer information, including data for those missing because they are working or searching for work abroad. Therefore, a set of socio-demographic characteristics on migrants is available, along with LFS data on household members staying in Moldova.

⁷ See section 2.2 Data sources for details.

⁸ “Household” is defined as “a small group of persons who share the same living accommodation, who pool some, or all, of their income and wealth and who consume certain types of goods and services collectively, mainly housing and food” (Commission of the European Communities et al., 1993.)

⁹ For practical reasons in, this paper, in order to avoid confusions, when using estimates according to the second definition the LMS acronym will be used.

LMS was conducted in the fourth quarter of 2008 as a LFS module, having the same sampling plan but a larger sample and additional questionnaires. There were three additional questionnaires:

- LMS-A for labour migrants staying abroad at the moment of the interview (proxy interview);
- LMS-C for labour migrants staying in Moldova at the moment of the interview (direct interview);
- LMS-B for persons staying in Moldova, who never worked or searched for work abroad (direct interview)

LMS questionnaires were designed to collect specific data on labour migration: labour status before leaving Moldova; push-factors; modes of migration; persons/organization that assisted in finding a job abroad; basic characteristics of the job; and problems faced and future plans.

Another data source used to evaluate the impact of the labour migrants on children is the Child Labour Survey, conducted, in the fourth quarter of 2008, as a module of the LFS. It offers the opportunity to see if school attendance and the involvement of children in housework is influenced by the fact that their parents are labour migrants.

2.3 Methods

In this paper, measuring the impact of labour migration is done in two ways.

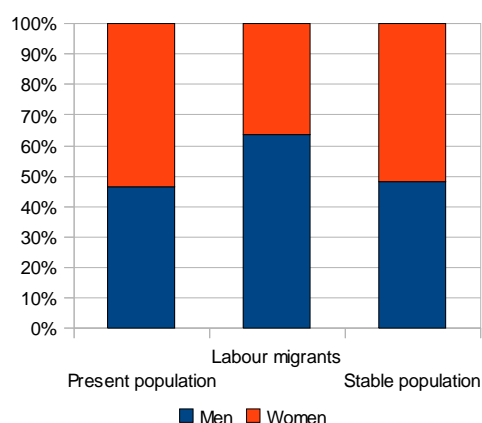
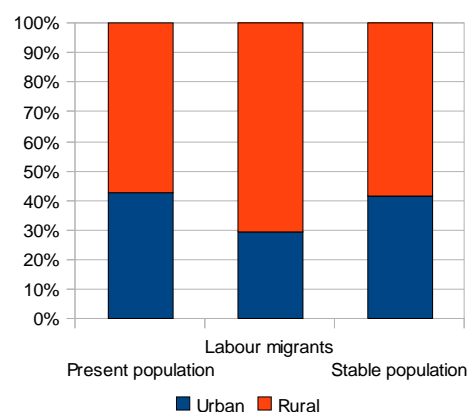
The first approach is to compare the structures of the population currently living in Moldova (present population) with a hypothetical population including those who live in Moldova and Moldovan citizens who are instead temporarily abroad (hypothetical population). This approach has advantages and disadvantages but offers more controls and is better able to accurately identify the source and the size of the impact. The impact of labour migration will be measured in percentage points (p.p.) as a difference between the same share (e.g. men aged 15-64 years) in the hypothetical population and in the present population, e.g. the expression “the share of young men present in the rural area decreased by 1.7 p.p.” means that the hypothetical population of people falling into this category would have been 1.7 p.p. higher than their actual number, as a result of labour migration.

The second approach is to compare the indicators for persons from households that have members working and/or staying abroad and those from households that have no such migrant members.

3. Socio-demographic impact

3.1. Who are the migrants?

Judging by the main characteristics, on a general level, the differences among the present and the hypothetical populations are not statistically significant: the average age is respectively 35 and 36; the share of women 53% and 52%; the urbanization rate 43% and 41%.

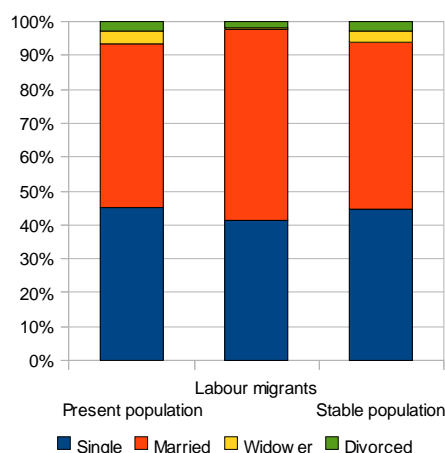
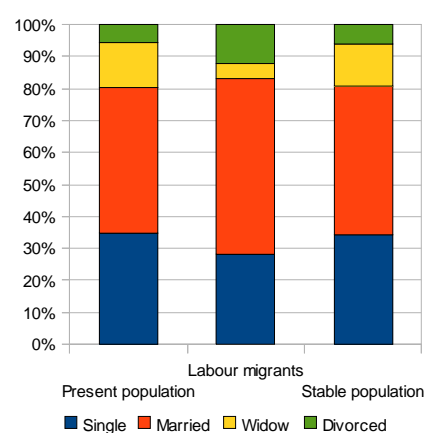
Figure 1. Present, hypothetical and labour migrant populations by sex, 2010**Figure 2. Present, hypothetical and labour migrant populations by area of origin, 2010**

Source: Labour Force Survey - Moldova

The impact of labour migration can only be reliably identified for specific sub-groups of populations, those directly linked to it.

As seen from the figures above, the main sub-group is men from rural areas. Indeed, because almost 43,000 young men (15-24 years) are working abroad, the share of young men present in the rural area decreased by 1.7 p.p. The share of men aged 25-34 years also was affected by labour migration, decreasing by 1.8 p.p. No other significant effect on the age and sex structures of the population can be identified. These data only confirm a generally-known fact: men from rural areas go abroad (mainly Russia), to work in construction, because they cannot find good jobs in Moldova.

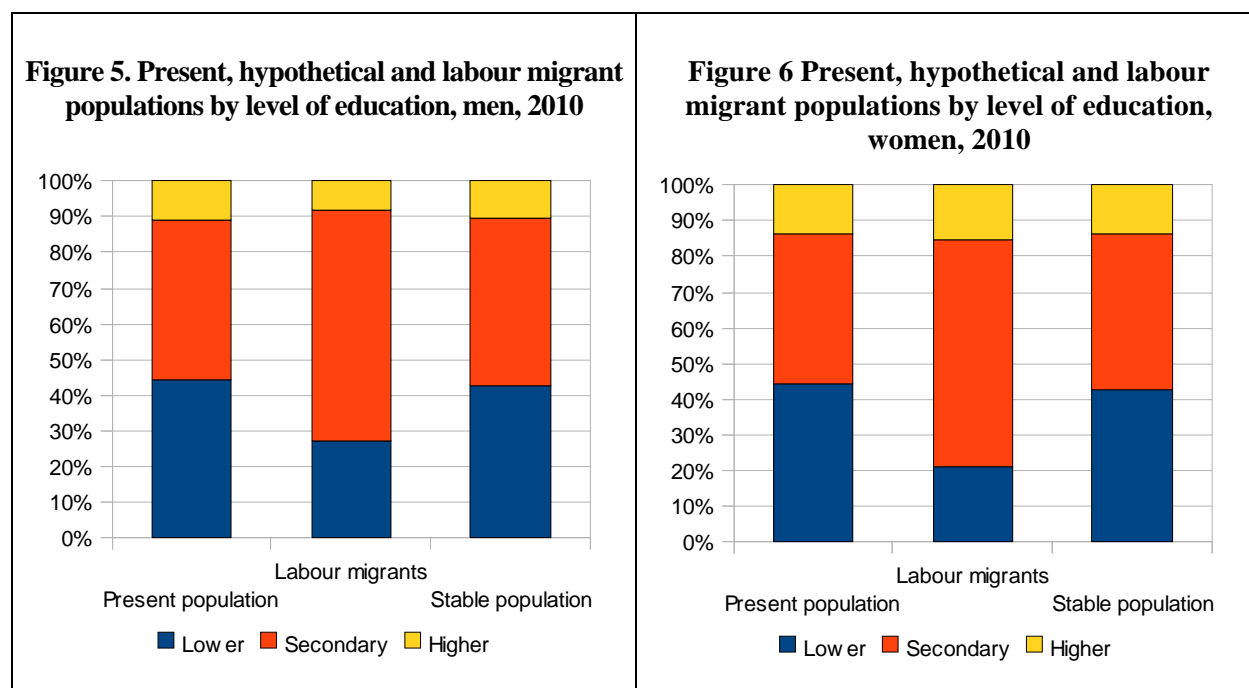
More than a half (56%) of labour migrants are married, 39% single (never married) and 5% are divorced or have lost their partner. Among women the share of those divorced is significantly higher than among men: 12% against 2%. This could be either a result of migration or a push-factor for migration. In Moldova, the problem of families breaking up because one or both spouses work abroad and live away from each other is a major issue in public debates. This topic will be analysed later in this paper.

Figure 3. Present, hypothetical and labour migrant populations by family status, men, 2010**Figure 4. Present, hypothetical and labour migrant populations by family status, women, 2010**

Source: Labour Force Survey - Moldova

The share of single men aged 18-34 years, in the total rural population, decreased from 5.5% to 4.1% due to labour migration.

The share of divorced women working abroad is significantly higher than among women staying in Moldova. However, labour migration did not have a significant impact on the general distribution by family status of women, due to the relatively small number of women working abroad. The labour migration of men from rural areas has been affected more strongly when levels of education are taken into consideration. In the rural population, the share of men, aged 18-64 years, with secondary education decreased from 21.0% to 18.8%.



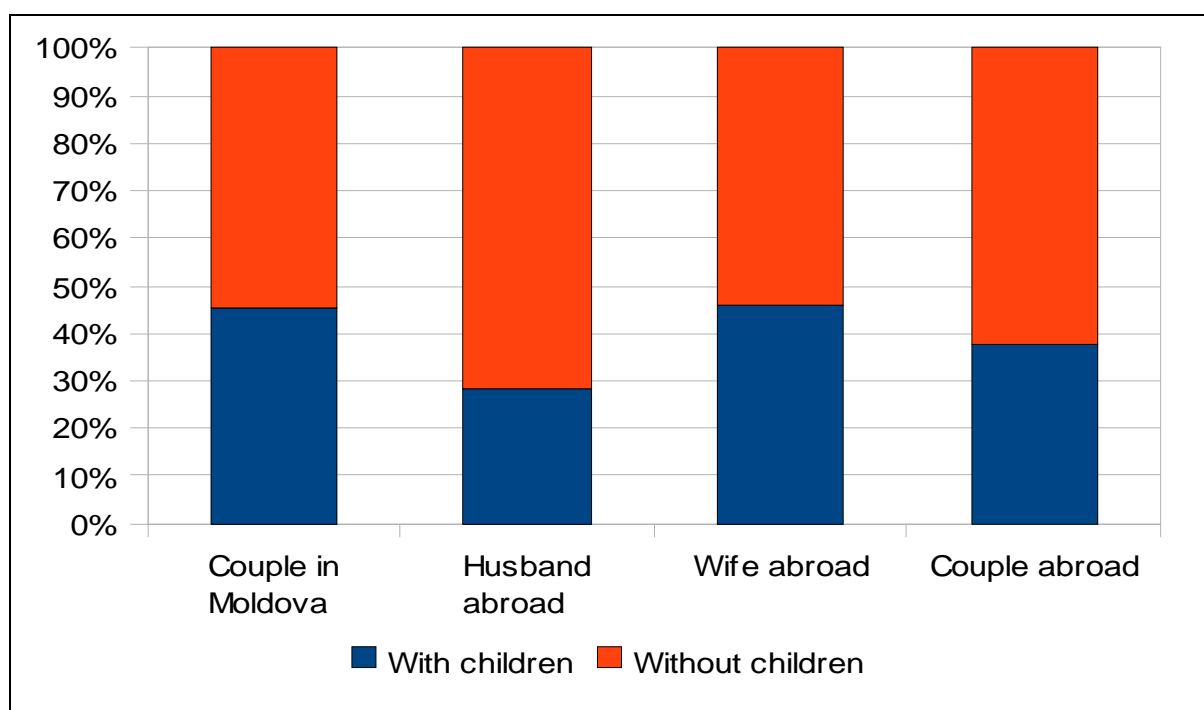
Source: Labour Force Survey - Moldova

Although labour migration has a significant direct socio-demographic impact only on rural, male population, which counts for 21% of the stable population, many more people are affected indirectly through the relations that these men have with their families. This issue will be analysed in the next chapter of this paper.

3.2 Migrants' families

According to LFS data, in 2010, about 18% of households had at least one member working or searching for work abroad. In these households there were about 582,000 persons (2-3 persons per household excluding migrants). About 68% of these households reside in rural areas.

Due to labour migration, about 135,000 couples live apart (one of spouses staying abroad), 34% of them having children (aged 0-17 years) with only one parent. In the case of 19,000 couples, both spouses work abroad, mainly in the same country (94%). About 61% of these couples have children staying in Moldova with relatives or even alone.

Figure 7. Distribution of couples by presence of children, 2010

Source: Labour Force Survey - Moldova

About 146,000 children (14% of all children) have one or both parents working abroad. About 63% of them stay home with mothers while their fathers are out of the country, 25% stay home with their fathers and 12% have both parents working abroad.

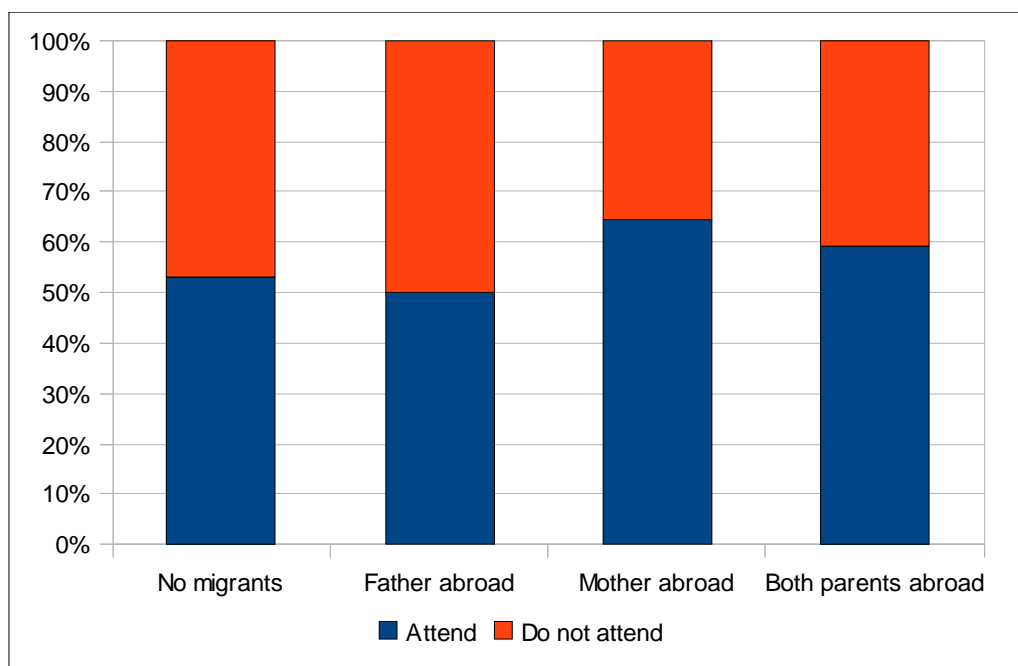
The problem of separated couples and of unattended children are the negative effects of labour migration which are most cited in public debate. Unfortunately, LFS cannot offer data for getting, in more detail, at the impact of labour migration on family relations.

Fortunately, there are some data on school attendance collected in the Child Labour Survey (CLS), conducted as a module to the LFS, in the fourth quarter of 2009. CLS data offer some quantitative measures on the school attendance of children with migrant parents.

Labour migration has affected the attendance of pre-school institutions by children aged 0-6 years. The highest attendance rate (64%) is for children who stay at home with their mothers alone; the lowest rate (50%) is for children who stay with their fathers. Children whose parents are both labour migrants have also a high attendance rate: 59%. When compared to the attendance rate of children whose parents stay in Moldova (53%), the conclusion is obvious: in households with migrant parents, children are more likely to attend a pre-school institution. This is either because the household can pay for this¹⁰, or because household members cannot stay home and take care of children. Whatever the reason might be, a higher attendance rate of pre-school institutions for children from migrant households is an expected side-effect of the labour migration, as there are fewer adults in the household to take care of them.

¹⁰ In Moldova, there is an official fee for services offered by state-owned pre-school institutions. Additionally, parents have to make many other informal payments to cover expenses that would normally be covered by the state (including investments and equipment). In rural areas, one additional important cost is that of travelling to and from the kindergarten.

Figure 8. Attendance of pre-school institutions by children aged 0-6 years by migration status of parents, 2010

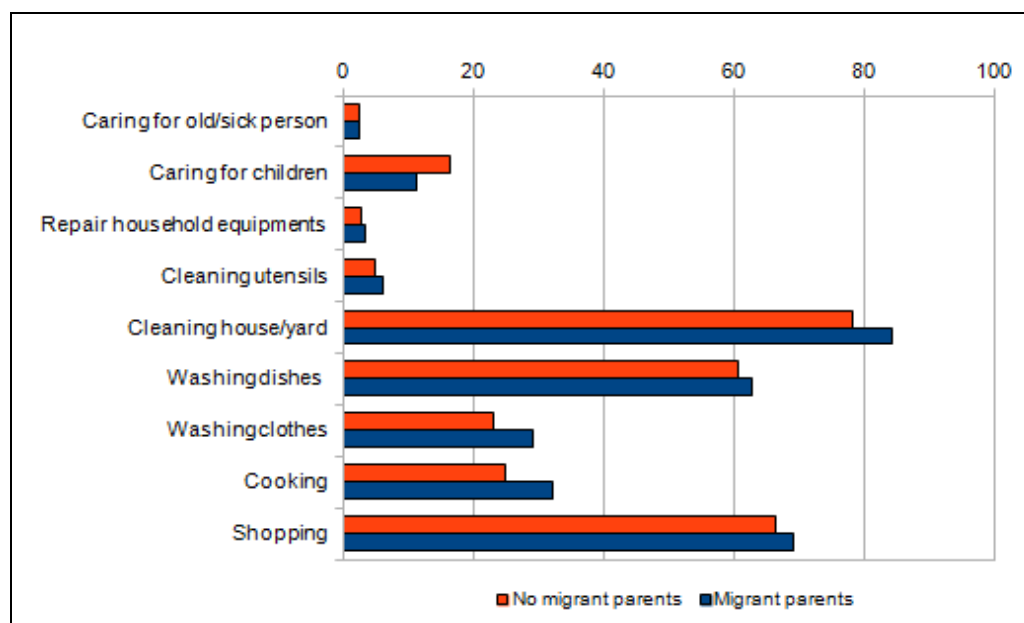


Source: Child Labour Survey - National Bureau of Statistics, Moldova

On the other hand, children aged 7-18, with migrant parents more often miss school because they help in the family business or in household tasks.

Children aged 7-18 years with migrant parents, with few exceptions, are also more involved in household chores. On average, they spend 6.8 hours/week in household chores, significantly more hours, compared to the 6.4 hours/week spent by children with both parents in Moldova.

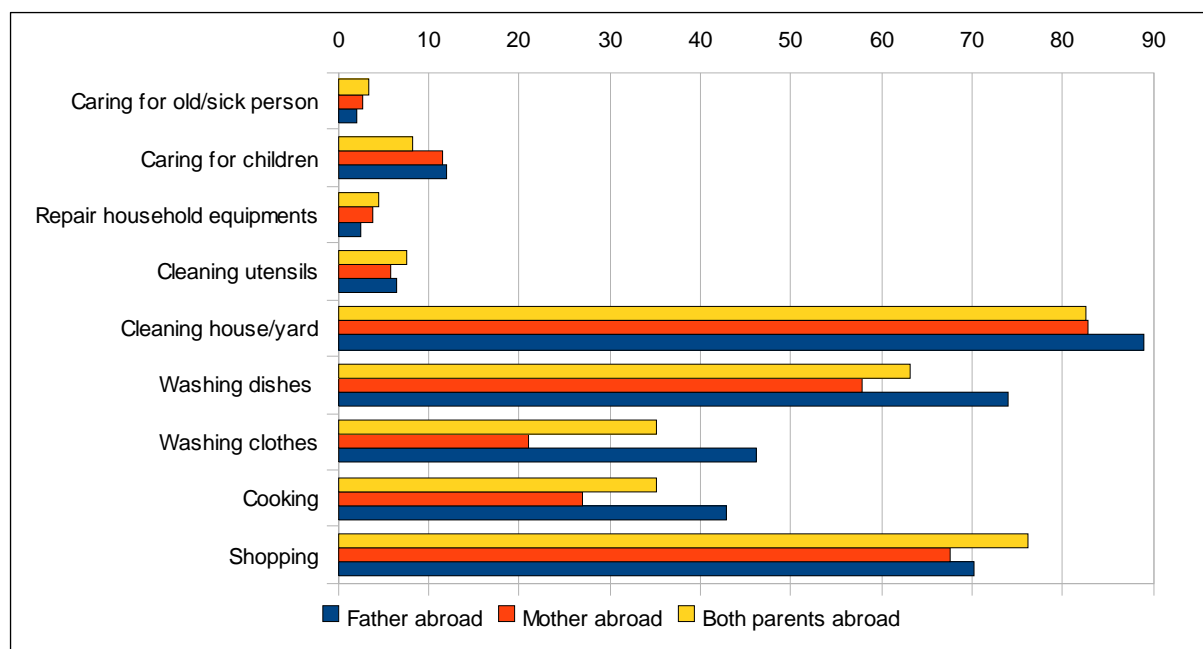
Figure 9. Percentage of children involved in household chores by migration status of parents, fourth quarter, 2009, %



Source: Child Labour Survey - National Bureau of Statistics, Moldova

Children's involvement in household chores depends on who is the migrant: mother or father. Among children with migrant parents, those whose mothers migrated have the highest involvement rate in household chores, in women-specific activities. Those children, who stay with mothers, have the lowest involvement rate.

Figure 10. Children's involvement in household chores, in families with migrants, 4th quarter, 2009, %



Source: Child Labour Survey - National Bureau of Statistics, Moldova

Unfortunately, these data cannot carry information about the psychological impact of labour migration on children living most of time with only one parent or with neither. Moreover, relations between spouses, living separately, may become tense, affecting the children.

Another migration-related issue is that of old people left alone by labour migrants or with grandchildren.

LFS data say that in Moldova about 19% of all households have old members only (persons aged sixty five years and over) and only 2% of these households have labour migrants. Therefore, generally speaking, one cannot say that labour migration “brought loneliness” to old people. In fact, data show that labour migration probably brought them more responsibilities: in 10% of households with labour migrants there are only old people, children and/or young people (18-24 years). The same share, for households with no migrants, is about 2%.

Another indicator of the higher burden on old people in households with labour migrants could be the share of those taking care of subsistence plots¹¹: 59% of old people with migrants in households perform subsistence agriculture, compared to 46% with no migrants in the household. In the case of old people living alone with children and/or young people, the share rises to 80%.

These indicators can only give hints as to how labour migration affects the lives of older people that have to take care of children and household assets.

¹¹ Cultivating fruits and vegetables on small agricultural plots around the house; growing animals and birds mostly for own consumption.

4. Impact on local labour market

In this section of the paper, the main effects of labour migration on the labour market will be highlighted and estimated.

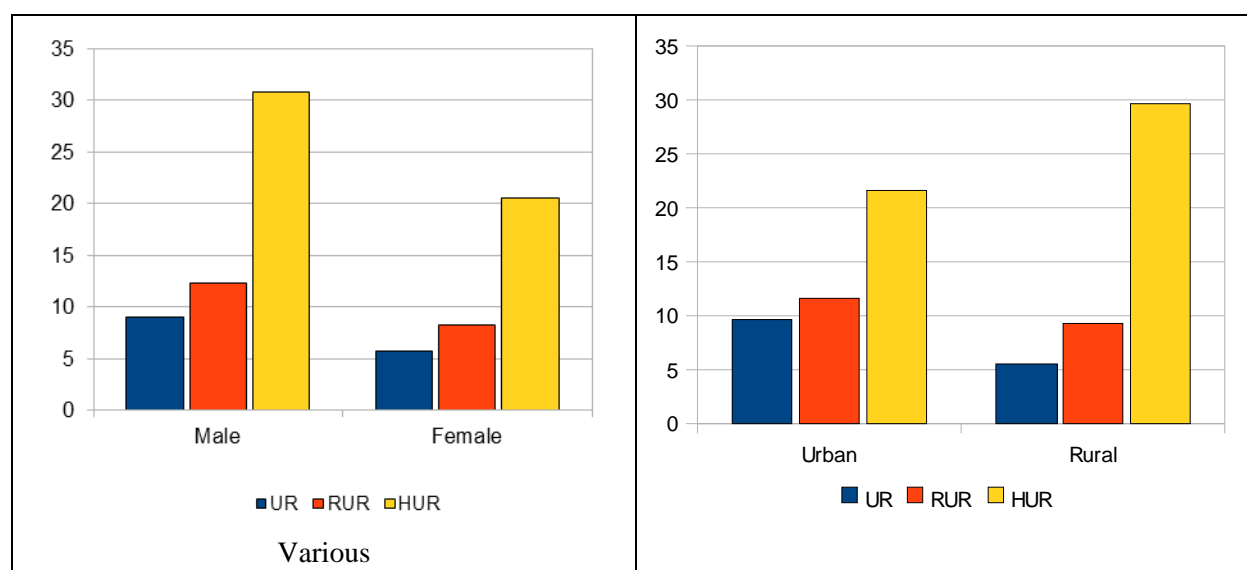
4.1 Unemployment

For Moldova, labour migration is a short-term solution for many economic problems, not least of the labour market generally.

In the last 10 years, the unemployment¹² rate (*UR*) oscillated between 4% and 8%, lower than in most EU countries. Unfortunately, this is not an achievement. It is rather a failure to build an economic system that would use the available labour supply efficiently and a case of hidden unemployment. Many people are not classified as unemployed because they do not search actively for a job, even though they have no job and are available for work¹³. This is typical of all developing economies, where people know that the chances of finding a job are low, especially in rural areas. In 2010, as well as 92,000 unemployed, there were 41,000 economically inactive individuals who were available for work, who did not search for a job, for different reasons. Therefore, a relaxed version of the unemployment rate¹⁴ (*RUR*) would reach 10.4%, as opposed to 7.4% (classic ILO unemployment rate).

Theoretically, the impact of labour migration on the employment rate can be estimated by computing the unemployment rate in a hypothetical situation in which all labour migrants return to Moldova and search for work. There it is necessary to add labour migrants to the unemployed and to calculate a Hypothetical Unemployment Rate (*HUR*). In this scenario the ILO unemployment rate would stand at 26%.

Figure 11. Unemployment rates by sex and area of origin, 2010



Source: National Bureau of Statistics, Labour Force Survey

¹² Unemployment terminology follows ILO methodology. Unemployed is a person without work, available for work and actively searching for work. Unemployment rate = Unemployed/(Unemployed+Employed) in percents.

¹³ The availability for work is measured by the following question in the LFS: "Would you be available to start working in the next 15 days, if a job would be offered to you now?"

¹⁴ RUR is obtained by adding those who are not searching for a job to the unemployed population.

Although hypothetical, this scenario became a reality, on a smaller scale in the last three years, during the international financial crisis. After a 5% decrease in the number of labour migrants in 2009 (compared to 2008), the unemployment rate increased from 4.0% to 6.4%, reaching 7.4% in 2010.

Of course, variations in the unemployment rate cannot be attributed to labour migration alone, but the figures shown above indicate a strong impact on the labour market: an important “relieving effect” and a possible “stress factor”.

Labour migration has solved (at least for now) the problem of inefficient agriculture. The unemployment rate in rural areas stands at about 5%, but if labour migrants were to return home, it would climb to almost 30%¹⁵.

Another effect of labour migration is that periods of unemployment are shorter for those living in households with migrants, shorter, indeed, by 4 months on average, compared to the rest of the unemployed.

A plausible explanation for this could be with remittances coming into the household from abroad a person searching for work in Moldova will accept a lower salary or will quit more quickly than a job-seeker whose household has no remittances.

Available data partially confirm this assumption: the average wage of employees with labour migrants in the household is 4.5% lower than the salary of other employees. Of course, the causality might work the other way: if an employee is paid better, then other members of the household have less incentive to migrate. But given that wages in Moldova are low, and that an average monthly salary covers only about 40%¹⁶ of the average monthly consumption expenditure *per capita*, the first assumption is more plausible.

Data also show that persons from households with migrants are more inclined to be inactive. This topic will be analysed below.

4.2 Migration and economical inactivity

As with unemployment, labour migration has a significant impact on the economic inactivity of the present population, with demographic and social consequences.

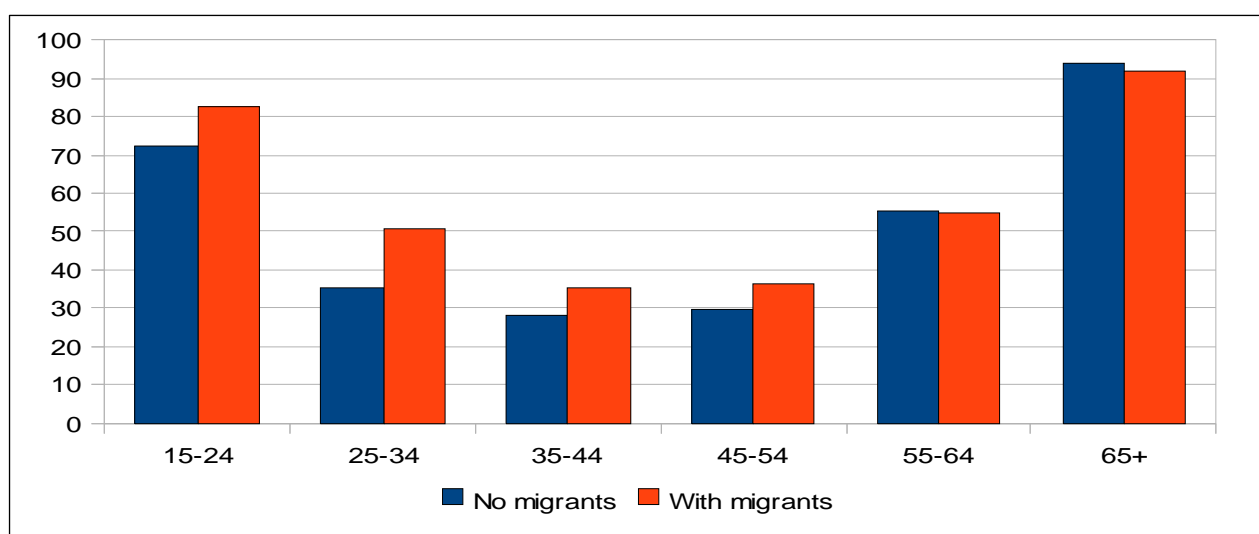
Almost 85% of labour migrants are economically active before going abroad¹⁷. Offering their labour services in other countries reduces the labour supply on the internal labour market, i.e. the resources available for development. But this is not the only effect, labour resources are further reduced by boosting inactivity among persons living in households with migrants.

About 47% of the present population aged 15-64 years are economically inactive. People aged 15-54 years that have labour migrants in their households are significantly “less active”.

¹⁵ In the hypothetical situation when all labour migrants would return to Moldova and search for work (i.e. becoming unemployed).

¹⁶ Household Budget Survey, National Bureau of Statistics, 2010
<http://statbank.statistica.md/pxweb/database/EN/databasetree.asp>

¹⁷ LMS data, LMS definition used, see section 2

Figure 12. Inactivity rates by age and migration status of household members, 2010, %

Source: National Bureau of Statistics, Labour Force Survey

The most probable explanation for this situation is that persons from households with labour migrants can afford not to work given the remittances coming into the household. And they can afford to spend more time and money on other activities, like studying and taking care of the family.

Among young people (15-24 years) from households with migrants the share of those studying is higher (68%) than for the rest of young people (60%). For inactive adults (25-54 years) family care is the main reasons for not working: 39% for those living in households with migrants and 31% for others.

Two kind of reasons can potentially explain this pattern a) young people, having access to remittances, do not want to work for low wages in Moldova so they study and b) the parents of young people are able to invest in better education, which will give them better chances of finding a good job afterwards.

The first explanation is the preferred one in the current academic debate and the available data seems to support it. The share of young people, living in households with migrants, who after finishing their studies become labour migrants, is about 53%, compared to almost 0% in the case of other young people¹⁸. This leads us to the inefficient use of resources in the educational system. A lot of public and private resources are spent on preparing young people for the local labour market, but many of them work abroad, mostly in occupations below their qualifications.

Another general perception, that seems to be supported by data, is that women who have household members working abroad have more freedom in choosing between work and family care, and they often choose inactivity so as to dedicate more time to children and the household. On average, the share of women aged 25-55 years, who live in households with migrants, not in labour force because of family responsibilities is 3 p.p. higher than for the rest of women (54% vs. 51%).

Finally, there is an important sub-group of about 119,000 economically inactive persons that do not want to work because they have plans to go and work abroad or to return abroad. About 9% of inactive persons do not want to work. This share is lower for young people (5%) and much higher for adults aged 25-54 years (22%).

¹⁸ Data from the “Transition from school to work” LFS module, 2nd quarter 2009, (National Bureau of Statistics – Moldova, 2009)

The biggest concern related to labour inactivity in general and to that generated by labour migration in particular is the viability of the social security system. Labour migrants do not contribute to it, but they do apply for pensions and unemployment benefits. Of course, many of them do not fulfil all legal requirements (time worked formally in Moldova) so they qualify only for a minimum of social assistance.

There is enough evidence that labour migration has a significant impact on the labour market, reducing its resources, but also adding pressure to the labour market. It offers some short-term solutions but it also creates the basis for serious structural problems in the future.

One issue of concern in Moldova's political, economic and social life is the difficulty of how to make labour migrants return home in an efficient manner. In the next chapter of this paper the reasons why labour migrants return home and how long they intend to stay, will be analysed.

5. Will migrants return home?

Ask someone in Moldova: "Will migrants return home?". The answer will likely be: "No, I don't think so. There are no good jobs here; life is expensive, their families need money. Well, maybe the old ones will return, but the young ones will certainly not, they would rather take their families abroad and struggle there than in Moldova."

Giving an empirical answer here is very difficult as it requires a deep analysis of many factors, internal and external, that could influence the decision. Still, it is possible to identify some factors and events that might trigger a decision to return home.

The simplest approach is to assume that when the push-factor, that makes people go abroad, disappears, labour migrants will return.

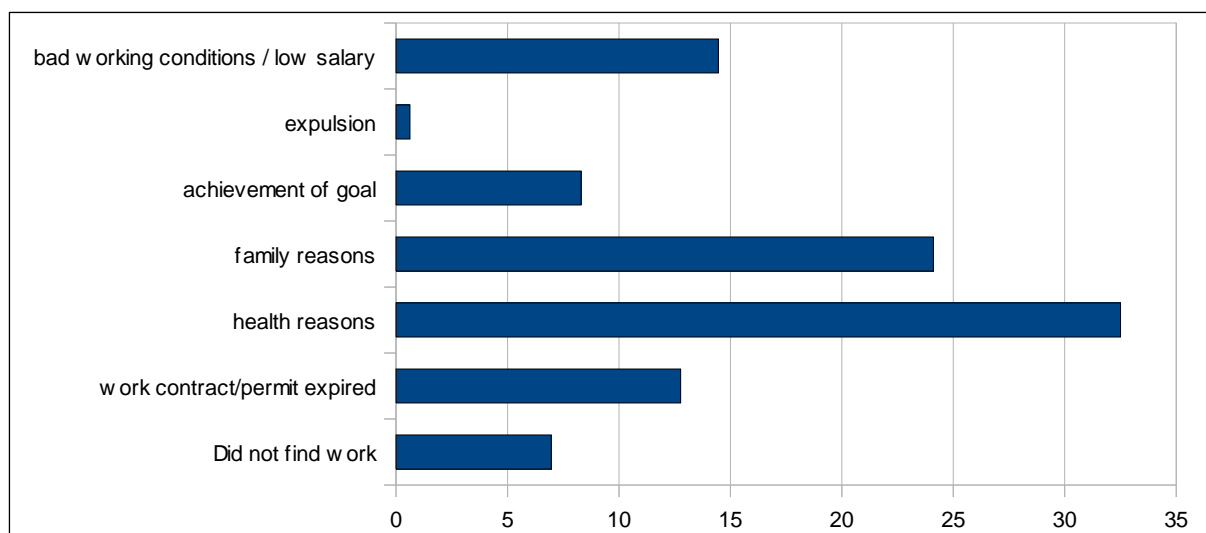
For 55% of labour migrants the push-factor was the lack of jobs and for 43% low salaries. Only 2% migrated for family-related reasons. Thus 98% of labour migrants went abroad because they wanted jobs with salaries that would allow them and their families to have a decent life, or, at least, to survive.¹⁹ So, if there were enough well-paid jobs in Moldova, labour migrants would return (according to the assumption made earlier).

However, labour migrants say that it is not only the job that matters. They get used to a different life-style and, in some cases, they make families abroad. Those working in the EU speak about huge differences in how the law works there and in Moldova.

Most probably, migrants will return to "the Moldova as it is now" only if forced to by circumstances. Data confirm that²⁰. Out of 360,000 labour migrants in the second quarter of 2008, 110,000 were returned migrants. About 19% of returned migrants had the intention of never going abroad again, but they mostly returned to Moldova because they were forced to do so by circumstances.

¹⁹ LMS data, LMS definition used, see section 2

²⁰ LMS data, LMS definition used, see section 2

Figure 13. Distribution of returned migrants by reason of return, 2nd quarter 2008, %

Source: National Bureau of Statistics, Labour Force Migration Survey

Only 8% of returned labour migrants planned to stay home, after having achieved their goals. Therefore, when speaking of migrants returning home for good, in the current conditions, in the very near future, Moldova can count on 2,000 or 3,000 persons out of more than 300,000, less than 1%.

In a long-run perspective, it is hard to make a forecast. Media in Moldova very often speaks about the “exodus”, anticipating a bleak future .

It is very difficult to estimate how labour migration will evolve. Among social and demographic factors, there are also political factors that are particularly unpredictable. One of them relates to the Moldovans working in Russia. Most of them work without working permits and are in a vulnerable situation (58%)²¹. This vulnerability is exploited by pro-Russian parties in elections to obtain votes. This vulnerable situation also means that the government cannot insist on negotiations with Russian authorities.

Another factor is related to Moldovans working in the EU. About 51%²² of them do not have work permits there. They work in the EU with fewer problems from the authorities and they have better working conditions than labour migrants in Russia. Not surprisingly, a 2011 survey commissioned by the EC revealed that a half-million Moldovans would like to find a job in the EU²³.

Many Moldovans have regained the Romanian citizenship of their parents/grandparents who lost it after Soviet occupation in the Second World War²⁴. Consequently they can freely move across the EU space and work without permits.

²¹ LMS data, LMS definition used, see section 2

²² LMS data, LMS definition used, see section 2

²³ Migration to the European Union survey, April 2011, National Bureau of Statistics, for a project of the European Commission

²⁴ Moldovan citizens regain Romanian citizenship by proving that they are legal descendents of citizens of Romania. Between the two World Wars the actual territory of Moldova was part of Romania and people living on this territory were Romanians. Now, children and grandchildren of those persons have the right to regain Romanian citizenship, because their parents/grandparents lost it against their will (see Article 11 of the Law on Citizenship on procedures of regaining the Romanian citizenship, 2000.)

A lot of hopes are linked to negotiations over a visa-free regime between Moldova and EU. Many persons expect that soon²⁵ they will be able to travel freely to the EU and find a job there. Of course, EU and Moldovan officials say that this regime will not exempt anyone from the obligation to meet all legal requirements related to employment in the EU.

In real life things happen a little bit differently. Even before negotiations started, there were about 100,000 Moldovans working in the EU²⁶. Most of them got there on tourist visas, or Romanian passports, in both cases spending a lot of money. So, if things do not get better in Moldova, people will still find alternative ways and the visa-free regime will be a possible solution.

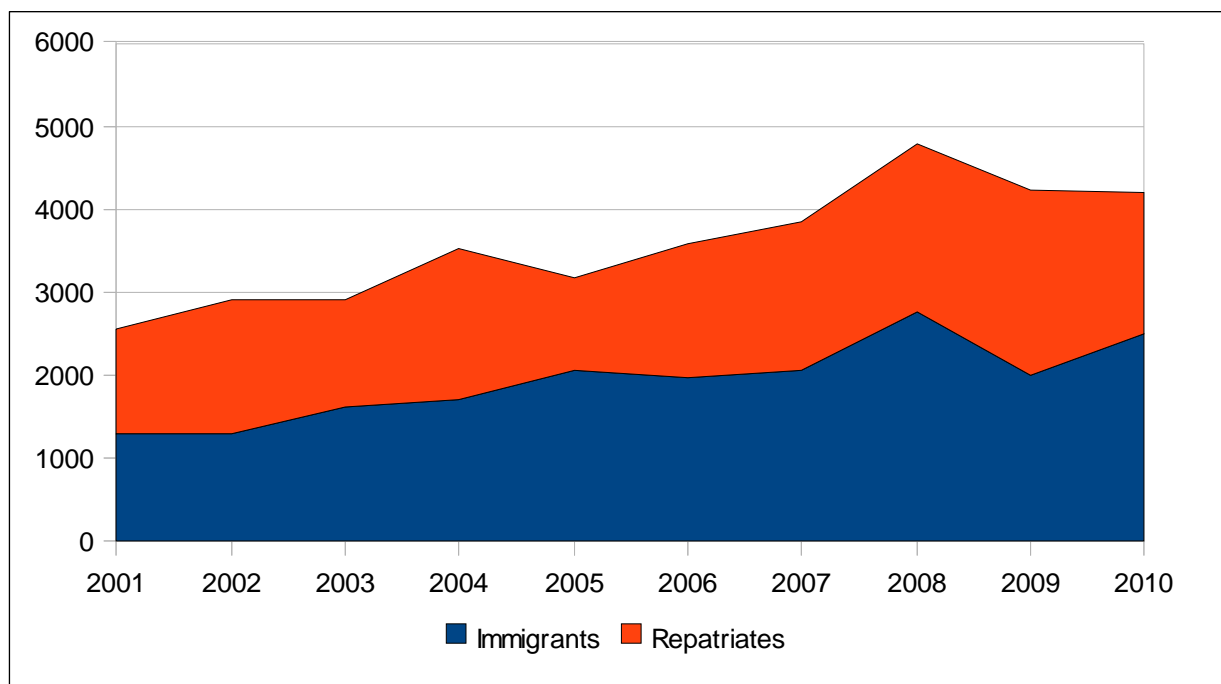
Fortunately, things change and get better. In Moldova changes happen very slowly, but they do happen. Moreover Moldova is not a closed society, some people go out and others come in, or return home.

6. Migration to Moldova: a general overview

Official data say that yearly, about 2,000 immigrants come to Moldova for different reasons. Though not an issue on the public agenda now, immigration will become an issue in the future, at least according to analysts.

In the last ten years, the number of immigrants coming to and expatriates returning to Moldova has increased.

Figure 14. Annual inflows of foreign citizens²⁷ and repatriates to Moldova in the period 2001-2010, persons



Source: National Bureau of Statistics, Demographic statistics

²⁵ Moldova is expecting to obtain a visa-free regime by the end of 2013

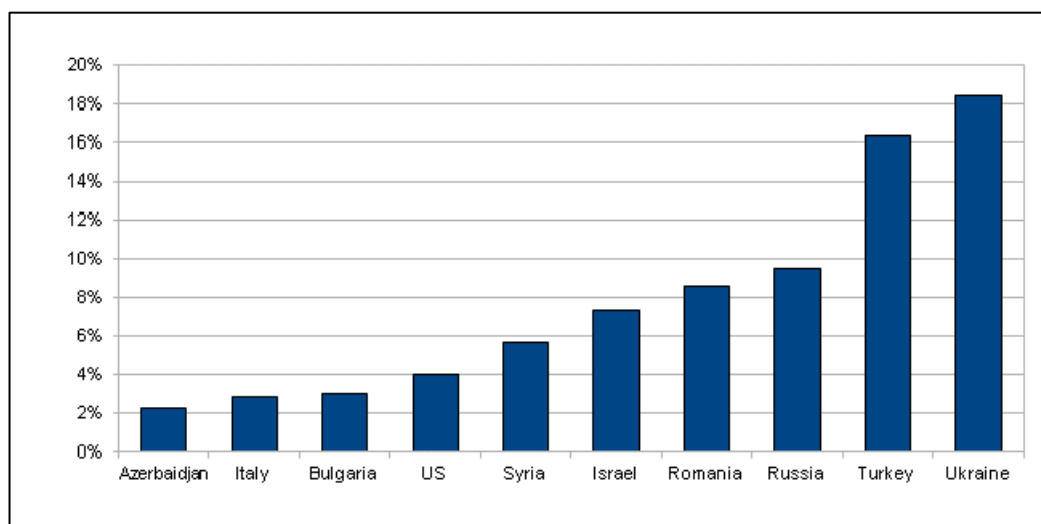
²⁶ Migration to the European Union survey, April 2011, National Bureau of Statistics, for a project of the European Commission

²⁷ Inflows of foreign citizens are proxied by the number of annual permits granted from Moldovan authorities to permanently reside or temporarily stay in Moldova.

A total of 19,279 foreign citizens migrated to Moldova between 2001 and 2010. Most of them came from Europe (51%) and Asia (43%). The country from which most immigrants came was Ukraine (18% of migrants). The second, important source of immigrants was Turkey (16%).

Although there were immigrants from 121 countries, the top ten sending countries accounted for 78% of these.

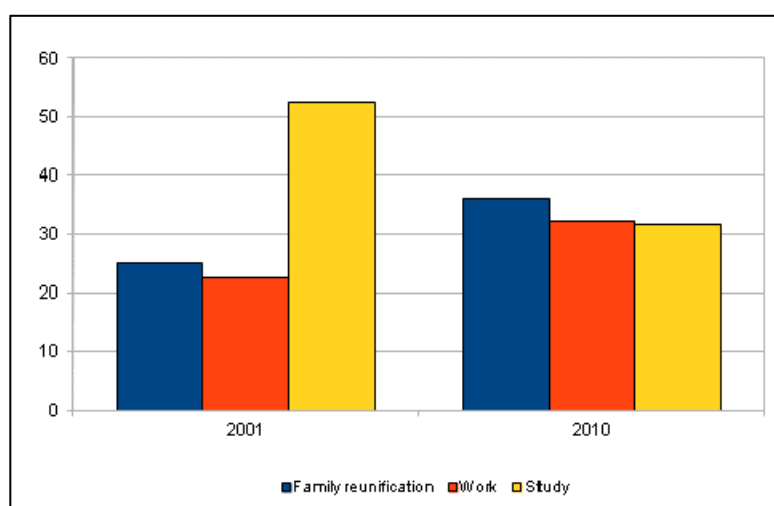
Figure 15. Total inflows of foreign citizens²⁸ by country of citizenship in the period 2001-2010: first 10 citizenships, values in %



Source: National Bureau of Statistics, Demographic statistics

Available data say that family, work and education had almost the same importance as immigration: 35% of immigrants came to Moldova for work-related reasons; another 35% for family reunification and 30% to study. Over the years, the distribution of immigrants became more balanced.

Figure 16. Annual inflows of foreign citizens²⁹ by reason of migration, 2001 and 2010, values in %



Source: National Bureau of Statistics, Demographic statistics

²⁸ See note 27.

²⁹ See note 27.

Although in 2010, study-related immigrants were 17% higher, compared to 2001, their share decreased by 21 p.p. Even during Soviet times Moldova was known as a country of choice for many students from Asia, mostly coming to study medicine.

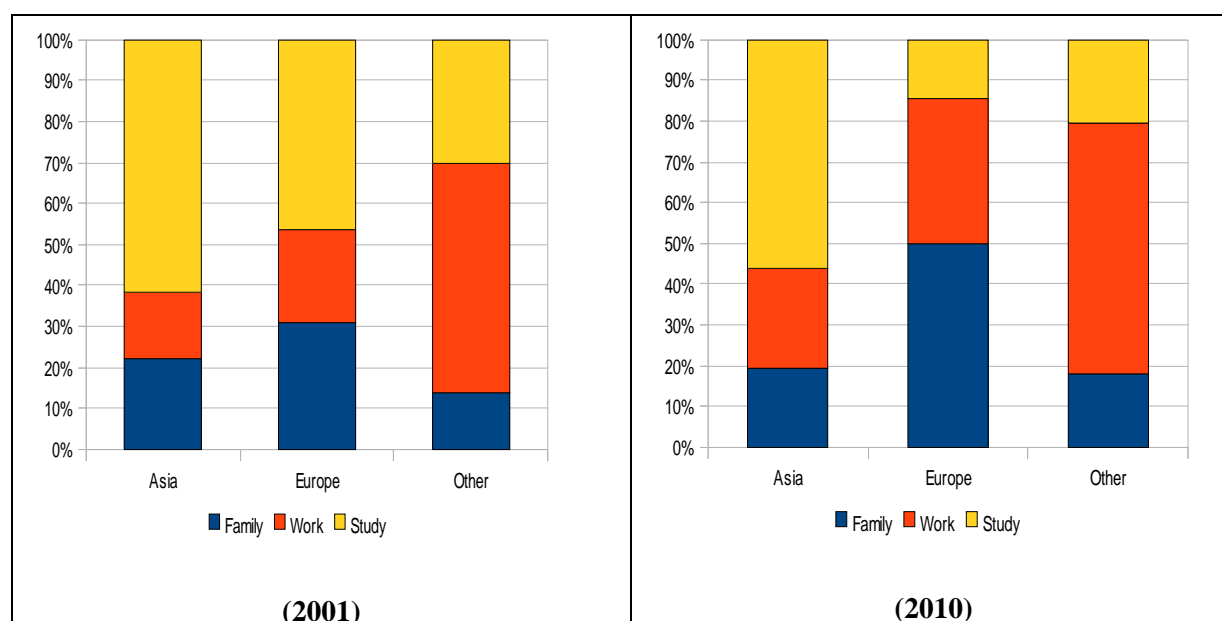
In 2010, 72% of study-related migrants came from sixteen Asian countries but mostly from Israel, Turkey and Syria. Israel was the absolute leader in sending students to Moldova: 59% of them.

By contrast, family-related immigrants come typically from Europe (75%), mostly from Ukraine, Russia and Romania. These are countries with which Moldova has very strong cultural and historical relations.

In recent years, the impact of labour emigration on immigration for family-related reasons can be observed. The share of family-related immigrants coming from countries like Russia and Italy, where most labour emigrants work, increased significantly in the 2001-2010 period. For Russia the increase was of about 16 p.p. and for Italy 2 p.p.

Work-related immigrants also come mostly from European countries (61%). Work-related immigrants tend to be employees of foreign/international companies that have operations in Moldova. Most of them arrive from Romania, Turkey, Ukraine, Italy and Russia.

Figure 17. Annual inflows of foreign citizens³⁰ by reason of migration and region of citizenship, 2001 and 2010, values in %



Source: National Bureau of Statistics, Demographic statistics

As mentioned in the beginning of this section Moldova may have to learn to efficiently manage not only labour emigration but immigration as well.

The Government builds development programmes based on job creation, but as seen from the previous section, labour migrants do not express a strong wish to return to Moldova and persons that receive remittances are less motivated to work for low wages.

The problem of the lack of a labour force will have to be solved. The fastest solution would be labour immigration. Asia and Africa could be sources for labour resources. The assumption is that

³⁰ See note 27.

people, especially the young, will gladly emigrate to a neighbouring EU state that offers more opportunities than their country.

From a demographic perspective, Moldova is already limited in terms of the growth of its labour force. In the last ten years natural growth had negative values ranging from -1.9 ‰ to -0.4 ‰, in conditions when persons born in a baby-boom period (1980-1989) became adults.

The birth rate is half what it was during the baby-boom period and the death rate is higher than the birth rate. UN projections, in conditions of medium fertility rate and normal international migration³¹, show that by 2050 the population aged 15-64 years will decrease by 36%, from 2,579,000 in 2010 to 1,651,000 in 2050³².

UN projections refer to stable population, i.e. they include those who would be future labour migrants. Therefore, by applying the 2010 share of labour migrants in that age group to the UN projected number³³, a total number of persons aged 15-64 years who would remain in Moldova in 2050 might decline to 1,354,000.

It is hard to imagine how Moldova will manage to become a developed European country with fewer labour resources. Most probably the UN projection assumptions will not hold and labour resources will boost immigration.

Still, there is one scenario where reality could meet the UN projections or produce something even worse: if nothing changes significantly and Moldova remains “unattractive” not only to foreign nationals but even to its own citizens.

7. Conclusions

About 9% of Moldova’s population is constantly working abroad and almost 19% of persons present in Moldova have at least one household member working abroad. Therefore 930,000 persons or 26% of the population face all the benefits and costs of labour migration directly.

Families of labour migrants have to cope with many problems. There are about 135,000 couples who are separated most of the time, 34% of them having children. An estimated 146,000 children have one or both parents working abroad. Besides schooling they have to involve more in farm and housekeeping activities, as to compensate the absence of parent/parents. One positive outcome of labour migration is that children whose parents work abroad have a higher school attendance rate.

Old people living in households with labour migrants often have to stay with children and young people, taking care of them, this happens in 10% of these households. Additionally, these persons have to get more involved in taking care of household assets and small farms.

From the economic perspective, labour migration can be seen as a relieving factor but also as a threatening one for the labour market. If labour migrants were to search for a job in Moldova, the unemployment rate would reach 26%, significantly higher than the present 7%. This means less pressure on the labour market but also fewer resources.

³¹ Under the normal migration assumption, the future path of international migration is set on the basis of past international migration estimates and consideration of the policy stance of each country with regard to future international migration flows. Projected levels of net migration are generally kept constant over the next decades. After 2050, it is assumed that net migration will gradually decline. Source: “Assumptions underlying the 2010 revision”, un, population division, Department of Economic and Social Affairs, http://esa.un.org/unpd/wpp/Documentation/pdf/WPP2010_ASSUMPTIONS_AND_VARIANTS.pdf

³² http://esa.un.org/unpd/wpp/unpp/panel_indicators.htm

³³ Assuming that the share of labour migrants will not increase in the next 40 years.

Labour migration is a boosting factor for economic inactivity. Many young people who live in households with migrants prefer to study more, avoiding employment in Moldova, becoming labour migrants after finishing their studies.

Women living in households with labour migrants more often prefer housekeeping and family care over employment.

Salaries offered to migrants abroad, even if lower than for local employees³⁴, make employment in Moldova unattractive. About 119,000 persons are economically inactive in Moldova because they have plans to go/return abroad for work. This makes 9% of the inactive population and this share is the same in households with and without labour migrants.

Government's efforts to make labour migrants return and find a job in Moldova do not have the desired effect as the main problem is not solved: namely a lack of well-paid jobs.

Only 8% of labour migrants who return to Moldova do so by choice. The rest return because they are forced to do so by circumstances. Those who return and do not want to go back are very few, about 2,000 to 3,000 persons.

Then many who have never worked abroad would like to do so. More than 550,000 persons aged 15-55 years think about finding a job in the European Union³⁵. In these circumstances, many analysts say that in the future Moldova will face important immigration flows as labour resources for development will be needed. If this scenario becomes reality one can expect big changes in society, some of them regarding delicate issues like religion and culture.

Now, about 2,000 immigrants come to Moldova yearly. In 2010, 35% of migrants came to work, 35% to reunite with family and 30% to study. Most students come from Asia and those coming for work or family reunification are mostly from Europe.

8. Policy recommendations

Policy makers should not concentrate only on remittances and their efficient management, they should realize that labour migrants represent the labour resources that Moldova will need in the future, even if there is a low demand for them at the moment.

In order to reduce further emigration flows and the inactivity rates among persons having migrants in their households, the government has to focus on regional development (especially in rural areas) in order to create more employment opportunities.

Most labour migrants have a background in agriculture. Efforts should be made to make this activity efficient through investment, innovation and use of renewable energy. One possible solution might be shifting agriculture to eco-products for the European and Russian markets. Establishment of a free-trade area between Moldova and EU, under negotiating at the moment, might make this task easier.

In order to ease the transition from school to work, and to reduce the chances of migration, a partnership should be established between business and education institutions that would allow young people to acquire skills long before going into the labour market and to increase their chances of finding a job.

Some contribution plans to the pension fund for labour migrants should be developed.

³⁴ About 48% of labour migrants from Moldova are paid less than local employees for the same job. In the EU27 this rate is the highest: 63%. LMS data, see section 2

³⁵ Migration to European Union survey, April 2011, National Bureau of Statistics, for a project of the European Commission

As many children have migrant parents, the Government, local authorities and NGOs should all undertake more actions to involve these children in learning, recreation activities where they can be monitored, advised, etc. This might be done with the financial contribution of parents.

Government should fight corruption and organized crime more actively as there is a strong correlation between them and employment opportunities.

Government should start allocating more resources to better monitor immigration and to start developing immigration policies for different scenarios.

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